

MINUTES OF THE ASSESSING STANDARDS BOARD

Approved as Written

DATE: September 9, 2014

TIME: 9:30 a.m.

LOCATION: Department of Revenue Administration – Training Room, 109 Pleasant Street, Concord NH

BOARD MEMBERS:

Senator David Pierce ~ *Absent*
Representative Priscilla Lockwood ~ *Absent*
Len Gerzon, Public Member, Chairman ~ *Absent*
Robert J. Gagne, NHAAO, City, Vice-Chairman
Joseph Lessard, NHAAO, Towns >3,000
Todd Haywood, NHAAO, Towns <3,000 ~ *Absent*
Betsey Patten, Public Member
Vacant, Municipal Official, Towns >3,000

Senator Bette Lasky ~ *Absent*
Representative Peter Schmidt
Stephan Hamilton, NHDRA
Eric Stohl, Municipal Official, Towns <3,000
Marti Noel, NHAAO
Thomas Thomson, Public Member
Vacant, Municipal Official, City

MEMBERS of the PUBLIC:

Scott Bartlett, Goffstown
Bill Ingalls, Bedford
David Gomez, Derry
Scott Dickman, NHDRA

Rosann Lentz, Portsmouth
Doug Irvine, Bedford
Jim Michaud, Hudson
Cindy Brown, BTLA

Vice-Chairman Gagne convened the meeting at 9:30 a.m. Introductions followed.

Minutes

Representative Schmidt ***motioned to accept the minutes of the August 8, 2014, regular board meeting.***
Selectmen Stohl ***seconded the motion.*** No discussion. Vice-Chairman Gagne called the motion to accept the minutes of the August 8, 2014, meeting as amended. ***All approved.***

Subcommittee Update

Mr. Hamilton reported the subcommittee has convened two work sessions to date to discuss potential changes to the Asb 300 rules due to the recently adopted Rev 600 rules. The intent is to provide common definitions and consistency between the two sets of rules and applicable statute(s), as needed. The subcommittee plans hold one more work session and a formal meeting in order to vote on a recommendation to provide to the full board. The recommended changes will be in draft format and distributed to the board members and made available to the public prior to the next full board meeting to allow for the opportunity to review and receive comment.

With regards to rulemaking, there are a couple of potential rule changes that will be discussed prior to enrolling in the rulemaking process including elaboration on requirements such as experience and putting the ethical rules in rulemaking format. It would be most efficient to file the separate proposals at the same time in order to hear them at one meeting at JLCAR as opposed to several meetings.

USPAP – Applicability of Standards 1 & 2

Mr. Hamilton briefly summarized the concern of the department, where 16-20 reports are received annually of individual or special purpose property appraisals, and not having a USPAP standard to compare them to. Types of special purpose properties may include retail, utilities and recreational facilities such as amusement parks, race tracks and ski areas.

Mr. Hamilton raised another concern of receiving a report of an individual appraisal without any form of documentation provided, lacking the required transparency that all taxpayers should be able to rely on. A

discussion followed which included concern about the cost of an individual appraisal and the hardship it could cause municipalities having to contract for one and the fact that USPAP reports, whether Standard 6 or Standards 1 and 2, are not required by statute and that a municipality may decide not to provide one. There is no penalty; only a statistic reported to the ASB. It is not, and never has been, the intent of the department to impose additional burden on municipalities; the request is for the ability to compare the reports that are received against the appropriate USPAP Standard in order to maintain transparency.

Mr. Hamilton suggested a change to RSA 21-J:14-b, I (c), to remove the reference to *Standard 6*, then this board would have better room to negotiate through the different standards and when they should be expected to be compared against; Standard 6 for a mass appraisal and Standards 1 and 2 for individual appraisals. The results could then be reported to the ASB.

What insight will this provide?

The idea is that every property has a transparent explanation for how the value was derived. Make all properties standard 6 and those other non-standard 6 properties. Need to be sure that everyone can see what is going on and be reasonably assured there is some oversight.

A question was raised about a report describing how the utility value was derived. At this time the DRA does not release the report due to confidentiality issues. However, there have been a couple of recent Supreme Court rulings that may be changing that, to provide better visibility of the allocation of apportionments of utility properties.

BI: Clarification that there will never be a value threshold on this, only for properties submitted outside a Standard 6 appraisal period and the department will not be picking and choosing the properties for which a Standard 1 and 2 report must be filed.

What we as the ASB want to be able to do is contemplate these issues and recommend changes to our standards that are appropriate when we have that situation of a property which has been valued outside the CAMA system. There will never be a threshold because value is not the determinant; it is the process that you have gone through to value the property. That is the determinant.

SB: large value property; there may be instances where due to confidentiality issues, a report is not completed explaining how the value was derived and a value is negotiated. Ultimately it is the Selectmen who set the value. These are the properties we are talking about. If we start getting into that field, every property and appraisal needs detailed documentation given to the DRA it is hindering how we are doing. You cannot treat every taxpayer the same. The reality of the situation dealing with these large individual properties they are different; they are not the typical taxpayer. If this goes much further, opens up our ability to talk to these specialty property owners, it will make it much harder to do our job and in the long run will not improve equity in the state.

SH: We are not talking about imposing a process. When an appraisal is completed under Standard 1 and 2 of USPAP, and they provide that report to the town, we are not seeking to break that confidentiality of sensitive financial information that exists within the law as an exemption, generally the documents is a public document under RSA 91-A unless there is an exemption.

When a town received a report on an individual property, and the DRA receives the same report created under Standards 1 and 2, the DRA is asking to have a Standard with which to compare it to. This is for reporting purposes, the same as Standard 6.

TT: Reflects confidence in the system. Not knowing how a property was appraised – reduces confidence.

JL: Is additional documentation required for an appraisal that was negotiated?

SH: These standards that we apply only apply to the revaluation process under RSA 21-J:14-b, I (c), standards the ASB adopted that comply now with USPAP Standard 6. It is not about anything other than the process or revaluation; the making of the appraisal for taxation purposes. Beyond the extent of the law; outside of the ASBs

and DRAs statutory authority. Depends on transparency and confidence for most of the properties. Provide same transparency to all properties.

JM: AR or anytime a property is valued.

SH: AR checks to make sure a Standard 6 report was completed last time valuation was updated. If you were revaluing a property on an annual basis, I expect that we would expect to comment on the completed appraisal; unless for another purpose other than valuation.

JM: Current Use? SH: No – SEE JIMS SUBMISSION for detailed comments.

JM: Expressed concern of the impact that a Standard 3 review would have if DRA found something wrong; could cause ample litigation. JM suggested a clause that state these reports cannot be used in a court of law which would negate criticism.

MN: What would a 1 and 2 standard review be for?

SH: Similar to review of Standard 6; how to make the final conclusion of the checklist. Clearly communicate techniques that were applied – make sure developed using standard technique and communicated clearly.

Proposed language?: simple language and remove reference to Standard 6.

SB: Asked what the consequences would be if “Standard 6” were removed from statute.

SH:

Next Meeting

Friday, September 19, 2014, at 9:30 a.m. at the DRA.

Mr. Lessard ***motioned to adjourn***. Ms. Patten ***seconded the motion***.

Chairman Gerzon adjourned the meeting at 12:04 p.m.

Respectfully submitted, Stephanie Derosier
NH Department of Revenue Administration – Municipal and Property Division

Documentation relative to the Assessing Standards Board may be submitted, requested or reviewed by:

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